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10 July 1984

National Intelligence Officer for East Asia MEMORANDUM FOR:

FROM:

Director of Central Intelligence

SUBJECT:

Philippine Situation

1. I get rumblings that things are going very badly for Marcos in the Philippines to the extent that there could be an unpleasant surprise to our interests there. Jeane Kirkpatrick brought this view back from her visit there. Also, I had breakfast this morning with who has insurance companies there and who has followed the economic situation there very closely. He says that inflation has reduced the living standards of the man in the street in Manila and in much of the country by as much as 50 percent. Mrs. Marcos is still perceived to be calling a lot of the shots quietly and this, together with the President's failure to attack corruption, particularly in the military, is creating a seeding resentment on which the opposition and the insurgencies are feeding.

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Will you have this reading checked out and provide me a memorandum as to how serious we consider this situation to be. This may be something to which the President and the Secretary of State should be alerted.

Some months ago

arranged to have

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go out to "talk turkey" to Marcos about what needed to be done. wound up talking to President Marcos with 17 people in the room and, thus, could not deal in more than generalities. His view is that the situation is so acute now that only straight one-to-one talk from a high ranking Presidential emissary has a chance of inducing Marcos to take steps with the military on corruption which might buy time.

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William J. Casey

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